



CURRENCY

Committee on Financial Services

Michael G. Oxley, Chairman

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Oversight Subcommittee to Investigate Whether Internet Gaming is Good Gamble or Bad Bet

The House Financial Services Subcommittee on Oversight and Investigations, chaired by U.S. Rep. Sue Kelly (NY), will hold a hearing to examine the proliferation of Internet gambling and proposals to protect U.S. citizens by curbing online betting. The hearing will begin at 2 p.m. Thursday, July 12 in room 2128 Rayburn House Office Building.

"Internet gambling sites are expected to generate \$5 billion by 2003, with nearly 50 percent of those revenues coming from Americans," said Kelly. "The proliferation of these sites on the Internet is of real concern to the Subcommittee, particularly since nearly all of them appear to operate offshore with seemingly little oversight."

The advent of online gambling puts both consumers and financial institutions at an increased risk for fiscal hardship such as bankruptcy. According to law enforcement officials, it is also a tool used by money launderers seeking to introduce ill-gotten gains into the legitimate financial system.

"This is a fairly new area of concern and we should proceed with caution. However, we must protect the especially vulnerable - such as those under legal gambling age who may fall into trouble with easy access to online betting," said House Financial Services Committee Chairman Michael G. Oxley (OH).

The National Gambling Impact Study Commission recommended in a 1999 report that Internet gambling not already authorized within the United States be prohibited. Various legislative proposals were debated last Congress, including one to prohibit the acceptance of bank instruments - such as checks, credit cards and electronic fund transfers - by gambling businesses operating over the Internet.

Although it is generally acknowledged that Internet gambling is illegal in most states, federal law in this area is ambiguous.

The Subcommittee will hear from witnesses on the impact of online betting on families, communities, sports and the economy -- as well as the ramifications for financial institutions involved in the transactions, such as credit card companies.

Witnesses scheduled to testify are:

Panel I

- John Peter Suarez, Director, Division of Gaming Enforcement, New Jersey Department of Law and Public Safety
- Sebastian Sinclair, Vice President, Christiansen Capital Advisors
- Keith S. Whyte, Executive Director, National Council on Problem Gambling
- Valerie Lorenz, Executive Director, Compulsive Gambling Center
- Frank Fahrenkopf, President and CEO, American Gaming Association

Panel II

- Bill Saum, Director, Agent Gambling and Amateurism Activities, National Collegiate Athletic Association
- Mark MacCarthy, Senior Vice President, Public Policy, VISA
- Sue Schneider, Chairman, Interactive Gaming Council
- Penelope W. Kyle, Executive Director, Virginia Lottery; President, National Association of State and Provincial Lotteries
- Greg Avioli, Deputy Commissioner, National Thoroughbred Racing Association

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